

# The American Observer

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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DECEMBER 16, 1935

## New Deal Confronts Revolt by Business

Group of Manufacturers Launches  
Bitter Political Fight on  
Roosevelt Policies

### RECALLS CAMPAIGN OF 1896

Platform Adopted at New York Meet-  
ing Names Specific Grievances  
Against Administration

Early this month the National Association of Manufacturers held a meeting in New York, and adopted a declaration of principles. The declaration was a stinging criticism of the Roosevelt administration and the New Deal. This organization of prominent businessmen went definitely on record against the administration. Not only that, but it exhibited a fighting spirit. This action by the manufacturers is one of several recent indications that businessmen are going to oppose the President and to oppose him openly and actively. The United States Chamber of Commerce, the American Bankers' Association, and other business organizations have furnished further evidence of the attitude which business is adopting.

This development is both significant and interesting. It shows rather clearly that the coming presidential campaign will be marked by determined effort on the part of business leaders to defeat the administration. Probably not since 1896 have the lines been so sharply drawn. Business will be rather unitedly on one side. On this side will be most of the press, for newspaper owners are businessmen. On the other side will be those who favor a stricter regulation and control of business by the government. It appears likely that the majority of workers and a considerable number of farmers will be lined up against business.

### The Issues

It is important, therefore, that American citizens should study carefully the issues about which business and the administration differ. In the following article we shall undertake to clarify some of these issues. In order that the positions of industrial leaders on the one side and the supporters of the administration on the other may be more clearly and definitely set forth, we are putting the article into the form of a conversational debate or discussion between an imaginary manufacturer and an imaginary supporter of the administration. In putting the arguments into the mouth of the manufacturer, we will follow very closely the "Platform for American Industry" adopted by the National Association of Manufacturers. The arguments of the supposed debater whom we call "Roosevelt Supporter," are not taken from any one source, but in our opinion they represent the views of those close to the administration. They have often found expression in speeches by New Dealers, and in editorials by friends of the administration.

This discussion will run somewhat longer than most of THE AMERICAN OBSERVER articles, and will include the space ordinarily given over to the department, "Talking Things Over." It should be emphasized that the opinions expressed by "Manufacturer" and "Roosevelt Supporter" are not to be taken as the opinions of the editors of this paper.

(Continued on page 7, column 1)



CHRISTMAS—THE SLEIGH  
From a woodcut by J. J. Lankes

## A Christmas Thought

At this season of the year we talk of peace on earth and good will among men. We speak of the spirit of brotherhood and friendliness of which the Christmas festival is symbolic. In proclaiming these generous sentiments we are sincere. We believe in them. But we do not know how to make them effective. We look about and see a world apparently on the brink of war. We realize that an unthinkable calamity of destruction and chaos is a distinct possibility. It may come upon the world before another Christmas season rolls around.

Why is it that a world wanting peace gets war? That is a question which a distinguished British author and lecturer, Sir Norman Angell, is asking and answering in the addresses he is delivering this winter to American audiences. He says it is not because people are immoral, it is not because they are militaristic. It is because they hold to policies which are incompatible with peace, not knowing that these policies are incompatible. So peoples adopt national policies, many of which do not really serve their own interests; policies not vital to their own welfare, yet in conflict with policies of other peoples. Then war comes, and the people of each of the contending nations fight, suffer and die in the unshaken belief that their cause is the cause of righteousness and that their enemies are wicked and fiendish.

The only cure for this situation is a greater measure of intelligence in the conduct of international relations and in the support of national policies which affect other nations. We cannot make the Christmas spirit effective merely by feeling righteous or peaceful or benevolent or sympathetic. To emotion we must add intelligence and information. We must be rational and must act in accordance with an honest and informed judgment. We must study the vital interests of the American people and the vital interests of other peoples. We must then determine the extent to which our own interests can be served without interfering with the welfare of others. We must decide upon the compromises which should be accepted in order that the interests of all peoples should find the greatest possible realization. We can best promote the spirit and practice of peace on earth and good will among men by reading as well as talking; by thinking as well as feeling. And we must remember that the Christmas spirit of peace and good will is of no avail if felt and practiced only for a season. It must be kept going the year around in order to have force and meaning.

## Japan's Latest Move Criticized by Hull

America's Far East Policy Based  
on Nine-Power Pact Grant-  
ing Equal Rights

### NORTH CHINA STAKE LARGE

But War Considered Unlikely Conse-  
quence of Present-day Devel-  
opments in Orient

The Japanese steam roller continues to move over China. It is likely that within the next 12 months, perhaps much sooner, Japan's supremacy over the five provinces which comprise North China (see map on page 2) will be complete. If the will of the Japanese militarists prevails, and it usually does, this region, which is a third as large as the United States and which has a population of 95,000,000, will eventually become as safely a part of the Japanese Empire as Manchoukuo is today.

For the present it seems that the Japanese-sponsored autonomy movement is to be restricted to two provinces, Hopei and Chahar. The original plan was to have included Suiyan, Shantung, and Shansi so as to take in the whole of North China, but due to a sudden stiffening of Chinese resistance encouraged by Great Britain, and due to fears of possible action by the League of Nations, the Japanese decided to proceed more slowly. The two provinces they have now carved out of China may be compared in size to Texas and their population is numbered at 30,000,000. In Hopei are the important Chinese cities of Peiping and Tientsin and it is in this area that the commercial interests of foreign nations begin to become extensive. The farther south the Japanese push, the more will they come into conflict with other powers.

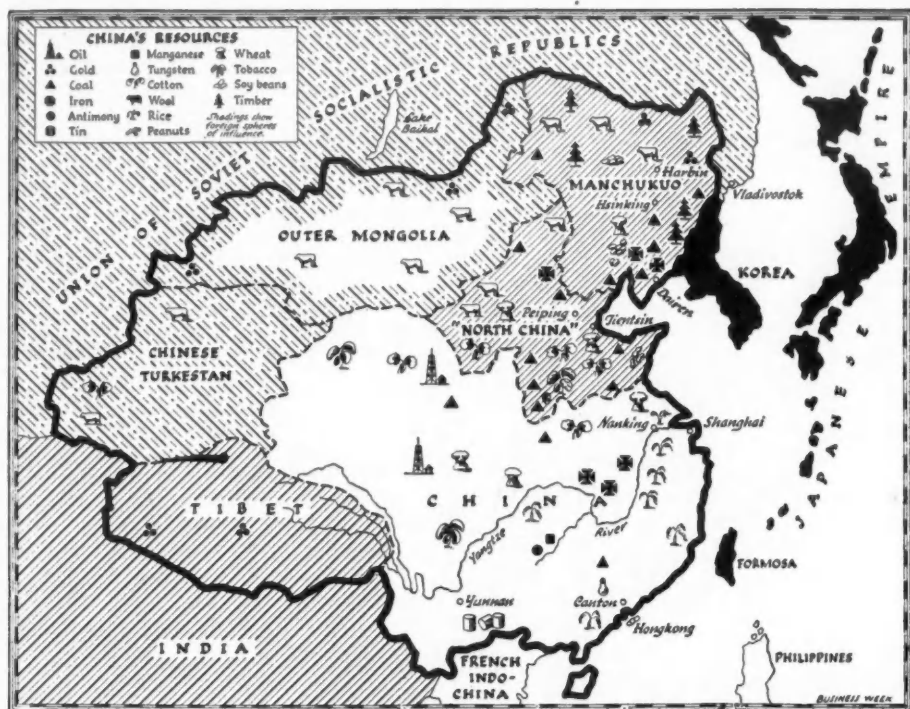
### Only a Delay

No one believes for a moment that the Japanese will be satisfied with Chahar and Hopei. The three other provinces of North China were originally marked off for conquest and they will follow in course of time. It is the common opinion in western nations that Japan will continue her policy of expansion on the Asiatic continent to the limit of her abilities.

What does this mean to the United States? How should the average citizen interpret events in the Orient? What are likely to be the consequences of Japan's actions in the future? The answers to these questions are not easily found. There are many different and confusing aspects to the situation in the Far East. Still, we may make an attempt to clarify the most important of them.

The United States has what is called a "stake" in the Far East. We often hear reference to American "interests" in China. These "interests" include many things. They mean money which American citizens have invested in commercial enterprises in China. They mean rights to trade which have been gained by treaties. More broadly, they mean America's claim to its share of the Chinese market. Thus, when Japan extends her control over one part of China after another, American as well as other foreign interests may be endangered. The fear is that the Japanese will so firmly establish their position in China that other nations will suffer. For this reason, whenever new upheavals take place in the Far East, the people and the





—Courtesy Business Week

THE RESOURCES OF CHINA AND THE ZONES OF FOREIGN INFLUENCE

government of the United States become concerned.

Let us examine more closely that cause of concern. *Business Week*, a magazine with a wide circulation among businessmen, recently carried an article in which it examined the worries of American business with regard to China and stated the general attitude of businessmen. We quote somewhat at length from the article because it is a clear and authoritative statement of what constitutes American "interests" in China:

#### Business Viewpoint

"American business has begun to view with alarm the breakup of China.

"In 1931, the Chinese definitely lost to Japan a region twice the size of Texas and with 30 million people.

"A few months ago, one of the westernmost provinces, best known in this country as Chinese Turkestan, set up its own autonomous Soviet and strengthened its ties with Moscow. This region is as big as Texas, but the population is small, less than three millions.

"Outer Mongolia, that part of the great dry northwest plain which stretches along the Siberian border, has had its own Soviet republic for 10 years, with closer ties to Moscow than Nanking though still admitting Chinese control. It's twice the size of Manchoukuo but fewer than two million nomad Mongols live in the region.

"But the really important loss of territory is just now taking place, for the progress of Nipponese domination in North China absorbs an enormous population, an agriculturally rich region, and—for the first time—three (two as later events proved) of the 18 provinces which were the heart of the old Celestial Empire. With this region goes Peiping, long the capital of China and still second in size to Shanghai, and Tientsin, modern commercial city and port serving nearly 100 millions in the great northern plains.

"American business is unaffected by Soviet expansion along China's distant western borders, but Japan's conquests already affect millions of dollars invested by American companies.

"National City Bank has already closed its branch in Mukden, in Manchoukuo.

"All of the foreign oil companies—including Royal Dutch Shell and Standard Oil—have been forced to turn over their retail facilities in Manchoukuo to the government oil monopoly.

"The British-American Tobacco Company has been warned that Manchoukuo plans a government tobacco monopoly.

"Tariffs have been revised by the new government in Hsinking to favor nations which will give Manchoukuo concessions. Since only Japan and Salvador have recognized the new government, it means the

market is closed to most goods unless they come from Japan. . . .

"In forcing North China to set up an autonomous state, the Japanese are going ahead with plans to secure a dominant position in North China. . . .

"Standard Oil and British-American Tobacco represent the largest American investments in North China. In mountain villages in Shansi, where the inhabitants have never seen an automobile or listened to a radio, or in crowded Shantung where the Germans built railroads and an arsenal as long as 30 years ago, the products of these two companies are almost as well known as tobacco and oil in most American towns.

"American and European banks have large branches in both Tientsin and Peiping. Both Belgians and British have railroads and coal mines. American automobiles and trucks far outnumber all others in both cities and along the few roads where automobile traffic is possible. Many of them are sold from handsome display rooms and serviced from large garages maintained by Americans. There are British department stores in Peiping and Tientsin, and dozens of offices of foreign importers and exporters.

"British investments were the largest affected by Japan's annexation of Manchoukuo. But foreign investment in that region was small, compared with holdings in China proper. These are large around Peiping, enormous at Shanghai and up the Yangtze Valley.

"Businessmen familiar with China know that there is no natural boundary where Japan's present claims stop, and that it is only a matter of time until all of China south to the Yangtze River falls under Japanese domination, unless someone acts to stem the advance. . . ."

Such is the attitude of business toward the inroads which Japan is making into China. Businessmen foresee a time when it will be hazardous, and perhaps impossible, for Americans to invest their money in China. Those investments now total no more than \$250,000,000 and do not compare with the stake of more than \$1,000,000,-



CAMOUFLAGE

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Japanese war maneuvers

000 which Britain has in China, but it is popularly assumed that China, as the world's greatest undeveloped market, offers rich opportunities for the future. This assumption, as we shall see later, is open to question, but nevertheless it is the opinion commonly held.

#### Government's Policy

What is the American government to do about this state of affairs? Can it restrain Japan from exercising her will in China? It has tried, but so far without success. Repeatedly Japan's attention has been called to the treaties which bind her to keep her hands off China. Most important of these is the Nine Power Pact, signed in 1922 by Japan and eight other nations, including the United States. Under the terms of this agreement the nations promise to respect China's right to govern her own territory, and pledge themselves not to take parts of China away from her. The American open-door policy, insisting upon equal trading opportunities for all nations,

is a part of this treaty.

The powers declare that Japan has violated the Nine Power Pact, and the Japanese hardly deny it. They claim that the treaty is a "dead letter," that it no longer applies to conditions in China. In addition to this treaty, Japan is held to have broken the Kellogg anti-war pact and the Covenant of the League of Nations. But the Japanese are unconcerned over these charges.

In 1931, when Japanese troops marched into Manchuria, Secretary of State Stimson began sending a series of notes to Japan reminding her of her obligations. The outcome of these notes was the formulation of an American policy which held that our government would recognize no territory taken by force of arms. The nonrecognition policy was adopted by League of Nations members and to date Salvador is the only country which has recognized Manchoukuo. To all other governments that state is still considered a part of China.

Secretary of State Hull has continued Secretary Stimson's policy. In a recent statement to the press he redeclared America's position with regard to events in the Far East. He said: "There is going on in and with regard to North China a political struggle which is unusual in character and which may have far-reaching effects. . . . The fact stands out that an effort is being made—and is being resisted—to bring about a substantial change in the political status and condition of several of China's northern provinces. . . . The views of the American government with regard to such matters, not alone in relation to China but in relation to the whole world, are well known. As I have stated on many occasions, it seems to this government most important in this period of world-wide unrest and economic instability that governments and peoples keep faith in principles and pledges."

#### Japan Unyielding

Mr. Hull, of course, did not expect that this statement would have any effect upon Japan, any more than official declarations in the past have had. His only attention, it seems, was to make it clear that the United States was continuing its policy of disapproval and that it still regarded the Nine Power Treaty as valid and in force. On the same day he issued the statement, the British made a declaration expressing similar concern over developments in China.

Since the pleas of western nations have not been enough to stop Japan, what is to be done? Is a situation being created which will someday lead to war between Japan and other powers, perhaps the United States? Possibly, but in the opinion of many competent authorities, no. There are a number of reasons why war with

Japan is considered doubtful. Let us enumerate some of them:

1. America's interests in China are not large. We have twice as much invested in Brazil. Placing the sum of \$250,000,000 beside the cost of a war reduces it to a pittance. Measured in terms of dollars and cents, it would not be profitable to wage a war for the sake of American investments in China at the present time.

2. It is not certain that China offers the great opportunities for the future which many think it does. If the Chinese are to buy vast quantities of foreign goods, foreigners must be willing to buy comparable quantities of Chinese goods. There is not much room for foreign products in the United States. It is true, of course, that there is room for an increase in American investments, but the extent of possibilities is not determined.

#### Will Trade Be Hurt?

3. Nor is it certain yet that Japanese domination of China will severely damage other nations. American trade as a whole with Manchoukuo has increased since the Japanese took over that region, although individual American companies have suffered and the sale of individual products has been curtailed. Possibly this is only temporary, and perhaps Japan will shut out foreigners wherever she goes. But it is not yet established that she will do so.

4. The present American and British policies of opposition to Japan may be having more effect than is generally thought. By bolstering China's opposition,

#### NOTICE

This will be the last issue of *The American Observer* until after the Christmas holidays. Our next date of issue will be January 6. We hope that each of our readers will have a pleasant vacation period, and extend our very best wishes for a Merry Christmas and a Happy New Year.

the British were instrumental in restricting the North China "autonomy" movement to two provinces. It is true that Japan will most likely take the other three provinces, but the fact that she has delayed action is nevertheless important. By diplomatic opposition the western nations seem to be having a restraining influence.

5. There are signs that China is making it more difficult for Japan to penetrate into her territory. The masses of Chinese are bitterly opposed to Japanese rule. Many Chinese think that a period of long, struggling armed resistance to Japan may take place. The Chinese government in Nanking, which has been placed entirely in the hands of Chiang Kai-shek, is inclined to yield to Japan, but Chiang is a politician and if he feels that resistance is the more popular policy he will probably adopt it. Thus, the Chinese themselves may halt the march of Japan.

6. Japan is devoting nearly one-half of her budget to military expenses. There is widespread dissatisfaction in the country over the policies of the militarists who have dominated the government during the last several years. Manchoukuo has not been a good investment for Japanese businessmen. Commercially, the venture has been a disappointment. Japan's adventure may yet break her. Certainly, the difficulties and expense of administration over large

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# AROUND THE WORLD

**Geneva:** Just before preparing to leave Paris to represent France at the meeting of the League of Nations Sanctions Committee, Pierre Laval, premier and foreign minister, conferred with Foreign Secretary Samuel Hoare of Great Britain in an attempt to bring the Ethiopian war to an end. The two statesmen and their advisers were closeted for hours trying to work out a peace plan which would be acceptable to Mussolini and thus bring him to call a halt on his invasion of Ethiopian territory. Whether the plan finally agreed upon would be acceptable to Il Duce, or to the League of Nations, or to the British government, was not clear as we went to press.

The main feature of the peace plan was that Mussolini was to be given large sections in the south of Ethiopia for colonization of his surplus population. In addition, he was to be given the territory in the north of Ethiopia which his troops have taken and are now occupying, with the exception of the city of Aksum, which the Ethiopians regard as a "holy city." The Ethiopians were not to get much out of the deal to repay them for this loss of territory. The main concession granted to them was a seaport in Italian, British, or French territory, with a corridor connecting it with the rest of Ethiopia.

It was expected that Mussolini would be invited to accept the Hoare-Laval plan before December 12, the day on which the Sanctions Committee was scheduled to meet to consider extending the list of products on the embargo list, particularly the banning of oil by League of Nations members. Should Mussolini consent to discuss the proposal, it was believed that the oil embargo would be postponed, perhaps indefinitely delayed. On the other hand, should the Italian leader reject the plan, it seemed likely that the Sanctions Committee would decide upon the embargo of oil exports to Italy.

There appeared some question about the attitude of the League of Nations itself toward the peace program advanced by the British and French statesmen. Members of the League were said to be cold to the plan, holding that it granted far too much to Mussolini and that it would be a complete defeat for the League. The concessions which it would grant to Italy are far greater than a committee of the League was willing to grant last September when it was attempting to effect a peaceful settlement of the dispute. The smaller powers were said to be especially determined in their opposition to the plan, one of their spokesmen holding that it would establish the precedent of "rewarding the aggressor for the crime."



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PIERRE LAVAL

**France:** When Premier Laval recently called together the French Chamber of Deputies, he was faced by two immediate problems, each of which was expected to precipitate a crisis. His insistence upon maintaining the franc on the gold standard was approved by the Chamber. But hardly had he received this vote of confidence, when he was threatened by a question even more vital to the political future of his country.

This question was none other than whether democracy should continue in this traditionally democratic land. The social and economic ills brought on by years of depression have in France, as in other countries, given birth to diverse groups, each of which had its own method of solving these ills, but all alike in that they were



ITALY RESISTS SANCTIONS

This Italian street merchant displays the sign, "Don't Sell Products from Sanctioned Nations."

patterned after the dictatorships already established in Europe. Private armies had been organized and were becoming more insistent in their demands, arousing the violent opposition of the leftist or socialist groups in the republic. The latter could not be ignored by the premier. Without their support, he could not hope to continue in office. The momentous day, when a decision was to be made, arrived.

Amidst a chamber tense with expectancy, Premier Laval arose and made an impassioned plea for the future of France and for the democratic principles she cherished. He asked that the armed groups cease bearing arms and recognize the authority of the state. Then a representative of the Cross of Fire—one of the fascist groups—rose to speak. He argued that the crisis was caused by the fact that everyone believed that everyone else was armed and ready to fight. His organization, on the other hand, was not armed and was prepared to support a decree imposing heavy penalties upon any who carried concealed weapons.

Such a victory was unanticipated. With speed, Pierre Laval drafted legislation that changes the entire character of the armed organizations. Complete, however, as were these victories for the present government, they are not regarded as bringing any nearer a solution of the economic difficulties which beset France.

Many competent observers persist in their opinion that maintaining the gold basis of the franc is the cause of France's failure to register any improvement. Thus, Deputy Paul Reynaud, himself a former minister of finance, urges the government to abandon the gold standard. He points out that those countries like England, the United States, and Belgium which have departed from the gold standard have shown substantial economic recovery, while France alone of the great importation nations lags behind. Her budget continues to be unbalanced, her trade balance unfavorable and her industry stagnant.

**Ethiopia:** The most spectacular development yet to occur in the war with Italy took place December 5 in Dessye, when 10 Italian planes showered the city with bombs, killing more than 50 persons and wounding three or four times that many. All of them were civilians. The town was seriously damaged, and an American hospital, from which all the patients had been removed, was hit by the bombs. It was apparently the object of the attack to destroy Emperor Haile Selassie, whose headquarters are in the town. Although his palace was wrecked, the emperor escaped harm.

The incident prompted Haile Selassie to send a telegram to the League of Nations, protesting against the bombing, which, he asserted, was in violation of Red Cross con-

ventions. The hospital which was bombed by the Italians was said to have flown the Red Cross flag so clearly that the air pilots could not have failed to see it.

**Italy:** Mussolini's speech before the Italian Chamber of Deputies on December 7 was much milder in tone than most people had expected. Although the Italian dictator spoke with force and determination, many of the threats which had been anticipated and which have appeared in other of his utterances were lacking. There was no mention of war in Europe, nor was there any indication that Mussolini had given up hope of bringing the dispute over Ethiopia to a conclusion by means of negotiation. But he warned against too much optimism on the part of the Italians, for they must recognize that negotiations might fail.

In speaking of the sanctions which have been invoked against Italy, Premier Mussolini indicated that their effects would be overcome by the splendid strength and courage of the Italian people. "It will suffice for me to declare and repeat once for all," he said, "that when we reach the 365th day of the economic siege we will have the same courage, the same determination, the same spirit we have today. There is no siege that can break us. There is no coalition, however powerful it may be, that can make us defect from our purpose."

¶ In the Palazzo Venezia, 846 women recently came together to greet Benito Mussolini. They were the mothers and widows of those who died in the World War. Their dark robes of mourning were colored only by a sky blue ribbon that each of them wore—all that was left of the medals they received for the bravery that their sons and husbands displayed in the last war. . . . The medals themselves had already been sent to the government to fill up the reserves of metal necessary for the prosecution of the Ethiopian war. Such is the drama born of the imposition of sanctions upon Italy.

But though less dramatic, more widespread effects have resulted from these sanctions. The dropping off in Italian exports, according to one report, has thrown into the ranks of the unemployed some million men. Age old customs have vanished. No longer can the Italian permit himself to take the after-

noon siesta. All shops must be closed early in the afternoon so as to permit a saving in electrical power. Two meatless days a week have been ordered and the population is now obliged to rely largely upon vegetables.

**Germany:** From the time that Adolf Hitler became dictator, there has been an almost continuous struggle between the church and the state in Germany. During this past autumn, however, it appeared that the government would no longer seek to exercise control over religious bodies. There were too many economic and social difficulties to be faced by the Nazis to permit further quarrel with the religious authorities. But this lull in the battle for the domination of the church by the government has been disturbed. Hans Kerrl, minister of church affairs, has now decided to take away from the church leaders all authority over their membership. These leaders can no longer ordain pastors, collect taxes, or take part in administrative activities. To them is granted only the right "to preach and cure souls." Despite this decision, Martin Niemöller, head of the clergy opposing the government, has decided to continue with all the duties previously reserved for the church leaders. And although threatened with arrest and trial for treason, pastors of his church faction have been defying the regulations.

**Greece:** A republican revolution in Greece 13 years ago made of her king, George II, an exile in England. During those 13 years 20 revolutions have occurred in that land, the last of which placed at the head of the government Marshal George Kondylis, who was known to be favorable to the royalist movement, and fiercely anti-republican. As a result of a plebiscite he conducted, George was called back.

It was expected that the king would serve as a puppet in the hands of the marshal, giving to the latter rubber stamp approval for whatever was desired by him. The republicans saw in this gesture the death of their democratic hopes. But the king has surprised both the monarchists and their opponents. The first thing he did upon his return to Greece was to free all those who had been imprisoned because of their political activity against the royalist movement. He has even intimated that democratic elections will be introduced into the land. And while this has gained for him many friends among those who favor a republican form of government, it has embittered his royalist supporters.



—Hutton in Philadelphia Inquirer

A PLACE IN THE SUN





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#### HE'LL FIGHT TO REDUCE EXPENSES

Representative James P. Buchanan, of Texas, chairman of the House Appropriations Committee, who has pledged himself to help curtail government spending.

## The President

President Roosevelt's Chicago address, delivered the day before his return to Washington, was a fighting defense of his farm program which, he said, had increased the income of American farmers nearly \$3,000,000,000 in two and a half years. Denouncing critics of the Agricultural Adjustment Administration in strong terms, the President said: "Lifting prices on the farm up to the level where the farmer and his family can live is opposed chiefly by the few who profited heavily from the depression. It is they and their henchmen who are doing their best to foment city people against the farmers and the farm program. It is that type of political profiteer who seeks to discredit the vote in favor of a continued corn-hog program by comparing your desire for a fair price for the farmer to the appetite of hogs for corn."

Delivered before the annual meeting of the American Farm Bureau Federation, an outstanding farm organization, the President's speech was warmly received. Fifteen thousand tickets had been given out and the amphitheatre, located near the stockyards, was filled to capacity. The President pointed out that it was not only the farmers who were reaping benefits from the agricultural program, but industry as well. He cited the increased employment in the automobile and farm implements industries which has resulted largely from the ability of farmers to purchase more of their products. How the improved farm situation helps the whole country was pointed out by a concrete illustration. "The cotton-growing South," the President said, "with more money to spend, buys new automobiles. The automobile makers buy more cotton goods from manufacturers in the Northwest, and these manufacturers in turn go into the market for more cotton."

Part of Mr. Roosevelt's Chicago address was devoted to the new Canadian trade pact, which has been criticized in some quarters on the ground that it will injure the farmers. "Agriculture," he declared, "far from being crucified by this agreement, as some have told you, actually gains from it. We export more agricultural products to Canada than we have imported from her. We shall continue to do so, for the very simple reason that the United States with its larger area of agricultural land, its more varied climate, and its vastly greater population, produces far more of most agricultural products, vegetables and fruits, than does Canada."

## AAA Comes to Court

Another step toward determining the constitutionality of the Agricultural Adjustment Act was taken last week as the Supreme Court listened to arguments by eminent lawyers representing both sides of the question. The particular case upon which the legality of the AAA will be decided is that of the Hoosac Mills Corporation, a New England textile company. The Hoosac Company has insisted that the act is unconstitutional and that it is not, therefore, obliged to pay the processing tax on cotton. Representatives of the govern-

ment insist that the agricultural law is legal and that the Hoosac Company is obliged to pay the tax. Upon the decision handed down by the Supreme Court will depend not only the case of this particular company but of all companies and individuals who are forced to pay the processing taxes.

Like all other cases which eventually find their way to the highest court of the land, the Hoosac case has already gone through the lower federal courts. First, the Federal District Court of Massachusetts passed on the case, holding the law constitutional and ordering the Hoosac Corporation to pay the tax. The case was then appealed to a higher court, the First Circuit Court of Appeals, which reversed the decision of the district court and held the law unconstitutional. From this decision, the government has appealed to the Supreme Court, which will have the final say.

The nine justices of the Supreme Court are not expected to reach a decision on the AAA before January. Other important decisions on New Deal legislation are also expected to be handed down next month, because the Court will hear arguments on cases involving the constitutionality of the TVA and the government's housing program before it adjourns December 23 for the Christmas recess. Meanwhile, efforts are being made to bring the Guffey coal bill, the holding-company act, the Wagner labor law, and other important measures before the Supreme Court as quickly as possible.

## NRA Conference

Business, industrial, and labor leaders from all parts of the country, more than 2,000 of them in all, gathered in Washington last week for the famous conference called by Major George L. Berry, head of what is left of the NRA. The purpose of this meeting, as stated by the President, was to find the best means of "accelerating industrial recovery, eliminating unemployment, and maintaining business and labor standards."



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MAJOR GEORGE L. BERRY

# The Week in the

## What the American People Do

Before the opening of the conference, Mr. Berry indicated that the principal topic of discussion at the various sessions would be ways of decreasing unemployment. In a statement issued on the eve of the opening meeting, he issued a strong challenge to private industry, holding that if it could not find jobs for the nearly 11,000,000 persons who are out of work it would have to bear the burden of taxation necessary to feed the unemployed. "This seems to me to be industry's most challenging problem," the major asserted. "There appear only two alternatives. Either industry must find jobs for these millions or submit to taxation to provide funds with which they may be fed."

In this preliminary statement, Mr. Berry referred to an industrial trend to which the President also called attention in a recent press conference; that is, the failure of employment to keep pace with increased production. He said that since the beginning of this year, production has increased about 20 per cent from the level of the end of 1934, and that employment has risen only two per cent.

The opening session was marked by flare-ups which almost resulted in violence. Mr. Berry, refusing to recognize delegates who, he said, wanted to wreck the conference, was taunted and jeered and called uncomplimentary names. Nor was the opposition confined to those business organizations which sent delegates to Washington. Many of the leading groups were conspicuous by their absence. The United States Chamber of Commerce refused to send delegates, as did such powerful organizations as the Iron and Steel Institute, the Cotton Textile Institute, the Automobile Manufacturers Association, while the National Association of Manufacturers, one of the most powerful business groups of the country, attacked the plan bitterly at its recent conference in New York. The growing opposition of business to the New Deal has made the chances for constructive accomplishments from the meeting extremely scanty.

## "Must Not Retire"

Though George Norris, veteran liberal senator from Nebraska, father of the Lame Duck amendment to the Constitution, main sponsor of the Tennessee Valley experiment, author of the one-house legislature plan for his own state, and tireless fighter for reform legislation, has said he will not seek renomination in the Republican primaries in his own state, there is every reason to believe that Nebraskans will draft him to run again. Last week, George W. Kline, publisher of a Lincoln, Nebraska, weekly political newspaper, said that 300,000 people in the state would take President Roosevelt's advice and see that Norris is kept in the Senate "as long as he lives." "All have but one thought," said Kline, "and that is that Norris must not be permitted to retire from the United States Senate. They make no mention concerning whether he should seek office as a Republican, a Democrat, or a Progressive. They ask only that he not quit the Senate."

## For the Army and Navy

From two quarters the President has been urged to increase the military and naval strength of the United States. In his annual report made public last week, Secretary of War Dern urged the chief executive to embark upon a program which would substantially increase the army's strength, both in men and equipment. At the same time, Admiral William H. Standley, chief of naval operations, and American delegate to the London naval conference, urged Congress and the President to provide for a larger personnel for the navy, holding that the present manpower is entirely inadequate to the American navy's needs.

The army's air force, according to Secretary Dern, should be increased by 3,000 modern

planes, 800 of them to be provided annually during the next five years. Mr. Dern held the army air force to be "far short of reasonable requirements." In addition to the increase in military equipment, the secretary of war recommended enlarging the personnel of various army units. The number of army officers should be increased from 12,000 to 14,000; 15,000 men should be added to the National Guard; 10,000 to organized reserves; and an increase of 20,000 youths in the Citizens' Military Training Camps; these were among the principal recommendations of the secretary of war.

Apparently in an attempt to get the



STEP RIGHT UP, BOYS!

—Herb Block in Syracuse (N. Y.) Herald



ELECTIONS MAKE LITTLE BOYS HELPFUL

—Brown in N. Y. Herald-Tribune

on the critics who would oppose a program of this kind, Mr. Dern made a justification of these proposed increases. In speaking of one aspect of the subject—military training in the colleges—he said: "The propaganda against military training in colleges is based upon the fallacy that such training instills a spirit of militarism in the youth of America. In my opinion, any candid, unbiased observer would reach the conclusion that this is a sheer assumption which has no foundation in fact."

## Fewer Millionaires

According to income tax figures for last year—the only way the government has of knowing how much money Americans make—32 individuals had net incomes of a million dollars or more in 1934. In 1933, there were 46 persons who made a million or more, and in 1932, 513 persons reported incomes of a million or more. Last year, only one person reported an income of more than five million dollars, who he was and how much he made was not revealed.

Not only did the number of million-dollar incomes decline last year, but the total



# United States

## Doing, Saying, and Thinking

their combined incomes was smaller than in 1933, according to the figures. In 1933, the 46 individuals received \$81,559,000, whereas the last year made net incomes amounting to \$6,659,000. The aggregate income of the 29 millionaires amounted to more than a million dollars—\$1,212,099,000.

While incomes at the top of the scale decreased last year both in size and number, those at the bottom increased, according to the reports. In 1933, there were 3,339,602 individuals reporting incomes under \$5,000; in 1934, 3,568,788, and their aggregate net income had jumped from \$6,792,000,000 to \$7,855,000,000. Similar increases in number and

Baltimore, leaving the space in Washington for the older departments of the government. As it is, many branches are inadequately housed. Some agencies have to run more than one shift because of lack of space, and many others are so crowded as to impair the efficiency of employees. As Mr. Ickes pointed out, some of the departments are scattered all over Washington. His own Interior Department is housed in 14 different buildings, the War Department in 16, the Resettlement Administration in 15, and the WPA in 10.

### James Henry Breasted

Dr. James Henry Breasted, noted historian and archeologist, died in New York a little over a week ago. He was 70 years old. His death recalled an old superstition that those who trespassed on the tombs of the Pharaohs would die. Although Dr. Breasted had nothing to do with the discovery of the tomb of Tutankhamen, he was present as a guest of the discoverer, the English Egyptologist, Howard Carter, when the inner tomb was opened in 1923. The superstition concerning "Tutankhamen's curse" has been effectively exploded many times but it continues to be revived in the press. Dr. Breasted's death was due to a blood infection.

Dr. Breasted was known widely for his works in history, notably the authoritative "History of Egypt" which has been translated into many tongues. As a young man he studied theology for two years, then gave it up for Egyptology and archeology because of the fascination that the countries of the Bible exerted over him. In 1894 he became first assistant in Egyptology at the University of Chicago and was connected with that institution until his death. Dr. Breasted will not easily be replaced. Not only was he a great scholar, one of the greatest of our times, but he was also particularly adapted to archeological work because of an alert business sense, an exceptional ability for organization, and remarkable tact.

### How to Keep Peace

Sir Norman Angell, noted British writer and politician, is on a speaking tour of the United States. Last week he spoke at a gathering in the nation's capital, and the week before in New York City. All of Sir Norman's speeches are on the same subject, namely, how to end war. He has devoted a lifetime of thinking and writing to this subject. Many years ago, he wrote a book, "The Great Illusion," in which he presented what many considered to be convincing evidence that war costs nations more than anything they can possibly win by it in the way of new raw materials and markets. Some of Sir Norman's views can be summed up as follows:

1. Before nations can feel secure, before they will stop building huge armies and navies, international anarchy must be abolished. We need a world police organization, just as we need police forces within a nation. Every nation should know that if it attempts to seize foreign territory by force, it will be opposed by the great majority of countries in the world.

2. While the lack of raw materials may have something to do with Germany's and Italy's present economic plight, which has led to dissatisfaction among the people of these countries, this is by no means the whole trouble. After all, the United States has great natural wealth and yet it has been witnessing very bad times. On the other hand, Sweden and Denmark do not have control of an abundance of raw materials and yet they have done remarkably well in recent years. What the world needs is a breaking down of tariff walls and other trade restrictions, making it possible for the peoples of various nations to trade freely with one another. This cannot happen until international order prevails.

3. Although some government officials in England and other nations may try to use the League for their own selfish purposes,



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### THE LAST TRIP OF THE "WINNIE MAE"

Wiley Post's famous plane is placed in the Smithsonian Institution in Washington alongside of Lindbergh's "Spirit of St. Louis."

most people in these countries are anxious to use the League for one purpose only—the elimination of war, with all its horrible consequences.

4. If the United States would throw its support behind the League, other League nations would gain a feeling of security. They would then be willing to make territorial and other concessions to dissatisfied nations such as Germany, Italy, and Japan. Even without the influence of the United States, the League nations have already allowed Germany to wipe out certain injustices imposed on her after the war. Reparation payments have ceased, and no attempt is being made to stop Germany from rearming, even though the Versailles Treaty forbids her to do so.

### The Olympics

The Amateur Athletic Union of the United States (A. A. U.), as other groups of Americans, is divided over the question of whether the United States should enter the Olympic games in Germany next year. Although the majority of delegates at the A. A. U. convention in New York, last week, voted in favor of American participation in the games, the minority, including the retiring president, Jeremiah T. Mahoney, put up a stiff fight to prevent our Olympic team from going to Berlin. The Mahoney group, which is reported to represent a considerable part of the total membership of the A. A. U., is planning to continue its efforts to keep the American team at home next year.

It is not only this national athletic association, however, that is split on the Olympic issue. The country is divided into two schools of thought relative to the matter. One holds that it is not up to us to show our dislike for a foreign government merely because its policies do not conform to our ideals. So long as the Nazi government does not discriminate against Americans in Germany, it is argued, or does not adopt a belligerent course of action in its relations with us, we should not stir up ill feeling by refusing to participate in the Olymp-

pic games. Sports should not be used as a political weapon, it is said, to demonstrate one country's disfavor for the acts and policies of other countries. Such is the belief of those who favor American participation in the games to be held in Germany.

Many Americans, however, do not hold to this opinion. The American Federation of Labor, for example, thinks our Olympic team should not go to Germany. Jewish organizations in this country feel likewise. And many Gentiles agree wholeheartedly with Rabbi William Margolis, who has said: "It (Nazi discrimination against Jews) is not now and it never was a Jewish issue, unless peace, justice, fair play, and tolerance are also purely Jewish issues."

Heywood Broun, widely known newspaper columnist, feels that there is far greater danger of tension between the United States and Germany if an American team goes to Germany than if it does not. "On other occasions," he says, "when the tension was far less than that which exists at present, minor issues have arisen which warred against international amity. The risk of some misunderstanding, let us say, during the progress of the games is too great for comfort." Mr. Broun also points out that Hitler has made it clear that "this meeting is to be used as a sort of propaganda occasion for the glorification of Fascist leadership for the youth of the world."

### Poor Salesman

"Government as such creates nothing. . . . There must be brought home to the consciousness of all that the more government takes, the less each one has—no one can possibly escape." These words were spoken by Alfred P. Sloan, president of General Motors. The occasion was the recent meeting in New York of the National Association of Manufacturers. The New York World Telegram, a Scripps-Howard newspaper, challenges Mr. Sloan's statement. In a recent editorial, it takes this position:

Far be it from us to defend government against its inefficiencies, or to be unmindful of the dangers of bureaucracy. We have seen in our time our share of public waste through patronage and pork, nepotism and graft, just as we have seen waste and incompetency in water and crookedness, blue-sky and failure and lost savings in private business.

And that's where salesmanship comes in. Certainly private business scores in that regard as against government.

For if government were a salesman, it would constantly be saying to its customers, the taxpayers:

"Is the money we spend in delivering your mail a total loss? Or is your fire protection worth while? Or police? Or soil and forest conservation? Or weather reporting? Or garbage collection? Is not a park or playground wealth, as well as a factory? And is there nothing for the asset column in the education that comes from our school system? Does money that goes to such an endeavor as the CCC not list as capital investment? Is a forest ranger less valuable than a night watchman in a mill?"

And so on down the long, long list of services performed and goods conserved by what we call government.

And particularly with reference to Mr. Sloan himself, this question would be pertinent:

"Where would the motor industry be today if your cars had to run through the mud and the ruts of yesteryear? And who built the roads?"



VIA DOLOROSA

—Kirby in N. Y. World-Telegram



FIGHTER IS NO STRONGER THAN HIS LEGS

—Bishop in St. Louis Star-Times

are noticed in all incomes up to \$100,000, after which there are declines, as in the case of those who received more than a million dollars.

### Space for the New Deal

The rapid increase of government agencies under the New Deal has created such a shortage of office space in Washington that part of the national government may have to be transferred to Baltimore or some other city. This is what Secretary of the Interior Harold Ickes indicated a few days ago as he deplored the lack of finding adequate quarters in the national capital for all the government agencies now in existence and those which are in the process of organization. Mr. Ickes has already taken over hotels, apartment houses, private dwellings, and still there is not enough room.

It will be necessary, within a short while, to find office space for the new Social Security Board, which eventually will become one of the largest government agencies. Mr. Ickes has indicated that probably some of these newer agencies will be transferred to



© Acme

DR. JAMES H. BREASTED



## Books for Christmas

*THE year 1935 has been a particularly brilliant one with the publishers. So many exceptionally good books have made their appearance during the year that it has been impossible to include them all in our annual Christmas list. However, we have tried to gather on this page the ones which we consider noteworthy. Some will appeal to one, perhaps, others to another, but we feel that everyone will find here a few that he would like to own or give to a discerning friend or relative.*

### Fiction

Europa, by Robert Briffault. Scribner's. \$2.75. A magnificent and truly important book, portraying the decadence of European civilization.

Honey in the Horn, by H. L. Davis. Harper. \$2.50. Serious and penetrating study of the early pioneers; Harper Prize Novel of 1935.

It Can't Happen Here, by Sinclair Lewis. Doubleday, Doran. \$2.50. Mr. Lewis contemplates fascism in the United States. A bitter, yet prayerful, book, which must be read by all thinking persons.

A Kipling Pageant. Doubleday, Doran. \$3. A fine collection of short stories, essays, and poems, of Rudyard Kipling.

Lucy Gayheart, by Willa Cather. Knopf. \$2. Our foremost living novelist returns to the setting of her best works in this tender romance.

Of Time and the River, by Thomas Wolfe. Scribner's. \$3. Superbly written novel, telling of 5 years in the life of a young man.

Paths of Glory, by Humphrey Cobb. Viking. \$2.50. A smashing condemnation of war.

Silas Crockett, by Mary Ellen Chase. Macmillan. \$2.50. An eloquent story of the decline of the Maine seacoast, as portrayed through the decline of one family, during the last hundred years.

The Stars Look Down, by A. J. Cronin. Little, Brown. \$2.50. An honest, despairing account of life in the coal district of England.

Vein of Iron, by Ellen Glasgow. Harcourt, Brace. \$2.50. A sad, but inspiring, novel of the descendants of an early pioneer family which settled in the Valley of Virginia.

Victorious Troy: Or, The Hurrying Angel, by John Masefield. Macmillan. \$2.50. An excellent sea story with a superb description of a storm at sea.

The Voice of Bugle Ann, by MacKinlay Kantor. Coward-McCann. \$1.25. A beautiful little book about hound dogs and the men who loved them; the short fiction masterpiece of the year.

National Velvet, by Enid Bagnold. Morrow. \$2.50. Happy, completely charming story of horses and children.

### Autobiography and Memoirs

Adventures of General Marbot, edited and illustrated by Major John W. Thomason. Scribner's. \$3. Memoirs of one of Napoleon's cavalry leaders; thrilling to those who like gusty, military adventure.

And Gladly Teach, by Bliss Perry. Houghton Mifflin. \$3. Reminiscences of a famous professor; witty, cultured and kind.

My Country and My People, by Lin Yutang. John Day (Reynal & Hitchcock). \$3. Considered the wisest, most thoughtful, and in fact, the all-around "best" book on China yet published in the English language.

Seven Pillars of Wisdom, by T. E. Lawrence. Doubleday, Doran. \$5. The "last testament" of a great man; beautiful, and of enduring value.

### Biography

The Du Pont Dynasty, by John K. Winkler. Reynal & Hitchcock. \$3. Interesting study of one of the most important industrial families of our country.

Dwight Morrow, by Harold Nicolson. Harcourt, Brace. \$3.75. An outstanding biography of the eminent American by an eminent English biographer.

Gilbert and Sullivan, by Hesketh Pearson. Harper. \$3. A merry and penetrating

analysis of the most successful of all light opera teams.

Jane Addams: A Biography, by James Weber Linn. Appleton-Century. \$3.50. Comprehensive biography of the social genius by her nephew.

Joan of Arc, by Milton Waldman. Little, Brown. \$3.50. A rather successful effort to unravel the Joan-legend and present Joan as a human being.

John Jay, by Frank Monaghan. Bobbs-Merrill. \$4. The definitive biography to date of the distinguished jurist and statesman.

R. E. Lee: A Biography, by Douglas Southall Freeman. Scribner's. 4 volumes, \$3.75 a volume. One of the great biographies of all time.

The Lees of Virginia, by Burton J. Hendrick. Little, Brown. \$3.75. A scholarly treatment of one of the foremost families of America; the best-known member is, if anything, underemphasized.

Mark Twain: The Man and His Work, by Edward Wagenknecht. Yale. \$3. A sane and most useful biography of the man, besides being an admirable history of the century following Mark Twain's birth.

Mark Twain's Notebook, prepared for publication with comments by Albert Bigelow Paine. Harper. \$4. An informal notebook, covering nearly 40 years of Mark Twain's life, rich with biographical material.

Mary, Queen of Scotland and the Isles, by Stefan Zweig. Viking. \$3.50. A brilliant and fascinating interpretation of the most romantic woman in history, as impartial a biography of the Scottish queen, perhaps, as has yet been published.

Old Jules, by Mari Sandoz. Little, Brown. \$3. The story of a pioneer, written by his daughter. An honest, unforgettable picture. The best writing about the western pioneers since Hamlin Garland wrote.

Samuel Pepys: The Years of Peril, by Arthur Bryant. Macmillan. \$3.50. The second volume of a 3-volume work on Pepys. The first volume, Samuel Pepys: The Man in the Making, appeared in 1933. Will probably be the definitive biography of Pepys for some time to come. The second volume deals with a period not treated in the renowned "Diary."

### Travel and Adventure

Discovery, by Admiral Richard E. Byrd. Putnam. \$3.75. A thrilling account of the second Byrd Antarctic Expedition.

Green Hills of Africa, by Ernest Hemingway. Scribner's. \$2.75. A confessedly truthful account of a hunting trip taken by the author.

Speak to the Earth, by Vivienne De Watteville. Smith & Haas. \$3. A glowing, beautiful account of an excursion the author made into Africa to study and explore.

From Red Sea to Blue Nile: A Thousand Miles of Ethiopia, by Rosita Forbes. Lee



FROM AN ILLUSTRATION BY GEORGES SCHREIBER IN "MARTY COMES TO TOWN," BY ETHEL CALVERT PHILLIPS. (HOUGHTON MIFFLIN COMPANY).

Furman. \$3.50. An excellent general survey of Ethiopia—its people, customs, geography, and some of its history—as well as an interesting report of an adventurous journey.

New Worlds for Old, by Irina Skariatina and Victor Blakeslee. Bobbs-Merrill. \$2.75. Very readable account of the impressions two alert travelers received from the people of Germany, Russia, Poland, Czechoslovakia, and Italy.

North to the Orient, by Anne Morrow Lindbergh. Harcourt, Brace. \$2.50. A delightful book, telling the story of the now-famous flight made by the Lindberghs in 1931 from New York to Tokyo. Maps by Colonel Lindbergh.

### Politics and Economics

The Crisis of the Middle Class, by Lewis Corey. Covici-Friede. \$2.50. How the middle class is being crushed out by monopoly-capitalism, from the radical point of view.

Democratic Government in Europe, by Raymond Leslie Buell, Eugene P. Chase, and Robert Valeur. Nelson. \$2.50. Excellent dissertation on the three remaining democracies in Europe—England, France, and Switzerland.

Government in Business, by Stuart Chase. Macmillan. \$2. An earnest and impressive analysis of one of today's most important problems.

Income and Economic Progress, by Harold G. Moulton and associates. The Brookings Institution. \$2. The fourth

and concluding volume of a monumental study of American economic conditions made by the Brookings Institution of Washington, D. C. Recommended either as a separate unit, or in conjunction with the other three volumes—America's Capacity to Produce, America's Capacity to Consume, and The Formation of Capital.

Land of the Free, by Herbert Agar. Houghton Mifflin. \$3.50. Splendid discussion of the evolution of the American system.

The Lords of Creation, by Frederick Lewis Allen. Harper. \$3. Story of American financial and industrial build-up, from 1900 to 1929, told in terms of the men who did the building.

The State in Theory and Practice, by Harold J. Laski. Viking. \$3. A brilliant discussion of the relation between political government and economic interests.

### History

An Atlas of European History, by J. F. Horrabin. Knopf. \$1.50. A handy little book giving the main facts in European history from the 2nd to the 20th century.

Road to War, by Walter Millis. Houghton Mifflin. \$3. A behind-the-scenes study of how we became involved in the World War. Should be studied as a guide for the future.

The Russian Revolution, by William Henry Chamberlin. Macmillan. 2 volumes, \$10. One of the best works on the subject in the English language.

With Napoleon in Russia: Memoirs of General de Caulaincourt, edited by Jean Hanoteau and George Libaire. Morrow. \$3.75. Unique memoirs of the only man who was with Napoleon in his flight from Russia; first publication in English.

### General

Freedom of the Press, by George Seldes. Bobbs-Merrill. \$2.75. Arraignment of the American press, with hope, yet doubt, for the future.

I Write As I Please, by Walter Duranty. Simon & Schuster. \$3. Covering the 14 years that Mr. Duranty was in Moscow as the New York Times correspondent.

Life With Father, by Clarence Day. Knopf. \$2. Human, witty, fascinating picture of an uninhibited family of late-Victorian days in New York.

Man, The Unknown, by Alexis Carrel. Harper. \$3.50. Reflections of an intelligent surgeon and biologist.

The Woolcott Reader, edited by Alexander Woolcott. Viking. \$3. Some of Mr. Woolcott's favorite stories and articles, with a few comments by himself. A good gift book.



HOME FOR THE OLD, OLD, GOOD OLD CHRISTMAS

From an old print by Currier and Ives, courtesy Harlow, McDonald and Company.



# American Business Launches Attack Against the New Deal

(Continued from page 1, column 1)

**Manufacturer:** The Roosevelt administration has not brought about recovery in the United States. It has not taken the right road to that goal. It depends too much on direct relief of the unemployed, and direct relief, though necessary, is not a cure for unemployment. We can never get out of the depression by spending money for relief. We can get out only when private industry revives and furnishes work for the jobless. This is the basis of our economic system, and it must be maintained.

## Relief of Unemployed

**Roosevelt Supporter:** Whoever said that the relief of the unemployed would bring about business recovery? Certainly the administration argues no such thing. We hold that relief is necessary to prevent human distress and suffering. We believe as much as anyone does that private business must get on its own feet and furnish employment before we have complete recovery. But until business does give employment to those out of work, the government must take care of the needy. We believe further that, at a time when private industry is on its back, the public works carried on by the government will not only give employment, but will create a demand for goods and will help to stimulate business. It will not bring about recovery by itself, but will help in that direction.

**Mfrgr.:** The administration appears to think, however, that it can spend its way into prosperity. It seems not to realize that the government cannot go on spending money unless private business improves. As the platform for American industry adopted by the National Association of Manufacturers says: "The income of government can come only from the proceeds of private enterprise. The only means, therefore, of bringing government spending down to a proper and reasonable maximum, and of making the burden of debt and taxation bearable, both by reduction in government spending and by increase in the incomes of all, is likewise through the revival of private enterprise."

**R. S.:** Well, that is no argument against the Roosevelt administration. We agree with what you say. We insist that the income of private industry is rising under this administration. The Standard Statistics Company declared a month ago that reports from 234 important corporations showed that the earnings of these corporations for July, August, and September—the third quarter of the year—were 68.6 per cent more than for those months a year ago. This organization estimates that the full year profits of industrial companies will be 35 to 40 per cent higher in 1935 than in 1934. So when you argue that we can-

not get out of the depression until the profits of private corporations are increased, you are not arguing against the President's policies, but rather you are attempting to justify them.

## American System

**Mfrgr.:** It is true that we are in a period of revival, but the improvement in business is in spite of the administration rather than because of what the administration is doing. The rapid recovery which we should have is being prevented because the Roosevelt administration is breaking away from the time-tried American way of doing things. It is breaking away from our system of government and of industry.

**R. S.:** I know that the Manufacturers Association and business leaders generally are talking a great deal about the American system of government and industry, and are pretending that the Roosevelt administration is getting away from traditional Americanism. They are talking about the Constitution, and are pretending that the President is disregarding the Constitution. Let us get away from this generalization, however, and get down to brass tacks. Just how is the administration violating the principles of Americanism?

**Mfrgr.:** Everyone who has followed the legislation of the last two and a half years knows very well that the administration has disregarded the Constitution. Congress has passed unconstitutional laws. Some of them have already been declared unconstitutional by the United States Supreme Court. The administration is heedless of the fact, as stated by our platform, that "powers of the national government should be limited to those clearly delegated under the federal Constitution."

## Constitutional Issue

**R. S.:** I will admit that Congress has passed acts which the Supreme Court has declared unconstitutional, but that is not a new thing in American history. Nearly every Congress in American history has done it to a certain extent. As a matter of fact, every Congress has to do a great deal of guessing about what the Constitution means, or what the Supreme Court will say that it means. But Congress is not ignoring the Constitution, and it is not ignoring the Supreme Court. It is simply doing what it thinks the national government should do and is leaving it up to the Supreme Court to declare whether, in its opinion, the laws are constitutional. Most of them are. A few of them, perhaps, are not. But the administration is acting in accordance with time-honored American custom.

**Mfrgr.:** It is a fact, though, that Congress and the President have repeatedly ignored the Constitution to a greater degree than ever before. They have gone ahead, doing as they have wanted to do without regard to the constitutionality of their acts. I insist that it is a dangerous thing when the President and Congress deliberately try to put forth an extensive governmental program, the constitutionality of which is in doubt. Listen to what George Washington said about usurpation of power by governments: "If, in the opinion of the people, the distribution of modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way in which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed."

We businessmen really believe that President Roosevelt, by ignor-

ing the Constitution and insisting upon legislation which is contrary to the Constitution, is undermining our government.

**R. S.:** It seems to me that that is a very silly conclusion to arrive at. The administration respects the authority of the United States Supreme Court. When the Court declares an act unconstitutional, as it did the NRA, its authority is admitted. The President and Congress then undertake to find a way to accomplish their purpose by means which the Supreme Court will hold to be constitutional. So long as the President and Congress accept the decisions of the Supreme Court, there is not much danger of upsetting the Constitution.

**Mfrgr.:** Well, we disagree decidedly on that point. The people will have to choose between the opinions the administration holds and those which the Manufacturers Association and many others have outlined. Let us get to something else. We object to the administration not only because it defies the Constitution, but because its policies interfere with the freedom of individuals. The administration has placed so many controls upon business that it has discouraged private initiative. Each individual has a right to his earnings and to his property. When the government interferes with these rights, it takes away the incentive to saving and industry.

## Private Initiative

**R. S.:** Can you be a little more specific? We could both go on making sweeping generalizations all day, but let us get down to facts. Just how is the government interfering with anyone's liberty? How is it interfering to such an extent that it is discouraging initiative and taking away incentive?

**Mfrgr.:** Well, for one thing, it is trying to establish national economic planning. The government is undertaking to control production—to decide how much people should produce. It is doing this in the case of agriculture. It is limiting the amount of wheat and cotton the farmers can raise. Does this not discourage initiative and incentive? What incentive do people have to improve methods and products, and reduce costs when the government is telling them to stop producing, when it is prescribing just what fields they shall till and which ones shall lie idle? Is that not depriving people of both liberty and initiative?

**R. S.:** Of course it isn't. It is not depriving the farmers of their liberty or initiative. If you should go out among the wheat farmers for a while, you would see that this danger you are talking about is merely a pipe dream. During the Hoover administration, the farmers were getting about 30 cents a bushel for wheat. The President has helped them to get together and agree upon a curtailment of production so that they will produce no more than they can sell. In this way, he has helped them raise prices until now they are getting about \$1 a bushel. If you should go out among the farmers and see how much better they feel; how much happier and more optimistic they are; you would see how foolish your talk about depriving them of initiative and liberty is. The thing that deprived them of initiative and incentive was the 30 cent wheat. The thing that gives them new life and hope is the improved condition that has been brought about through the Roosevelt program of coöperation with them.

**Mfrgr.:** You are assuming, of course, that the improved prices are due to the AAA—a very doubtful assumption. Many other factors, including the drought and poor crops, have contributed to that end. The farmers do not feel the loss of liberty so much just now, but later on when they find themselves limited as to what they can produce of all kinds of crops, they may see things differently. The potato act, placing a fine upon any farmer who raises more than a certain quantity of potatoes, is a

(Concluded on page 8, column 1)



AND THEN COMPLAINS ABOUT THE OYSTERS

—Doyle in Philadelphia Record

## THOUGHTS AND SMILES

It has just struck the Altoona Tribune as strange that when anything is sent by ship it is a cargo, and if it goes by car it is a shipment.

—Atchison GLOBE

We sort of wish the Parisian voice specialist who insists that he can change a bass into a tenor would try his hand on some of the radio girls and see if he couldn't change a few baritones into sopranos.

—Boston HERALD

Speakers claim the government takes too much interest in banking. Naturally, the bankers prefer to take whatever interest there is themselves.

—Norfolk LEDGER

There is as much need today for a Declaration of Interdependence as there was for a Declaration of Independence in 1776.

—Henry A. Wallace

Miss Emily Post says potato chips may be eaten with the fingers. Something tells us Miss Emily must have tried to spear one with a fork.

—Macon TELEGRAPH

Production is wealth. Limitation of production is the limitation of wealth. Limitation of production is the limitation of recovery.

—L. H. Sloan

Perhaps the reason a woman office-seeker usually isn't successful is that when she throws her hat into the ring, nobody can figure out what it is.

—Providence NEWS-TRIBUNE

The day that the workingman shares alike with the owner of a business, we will see the end of communism. The greatest danger in the path of complete recovery is ourselves; communism is only a symptom.

—Rev. E. A. Walsh, regent.

Georgetown University

## SOMETHING TO THINK ABOUT

1. How do the business leaders think that the Roosevelt administration is discouraging private initiative and hence retarding business recovery? What is the reply to this argument?

2. Do the manufacturers make a good case for their charge that the President is violating the spirit of the American Constitution?

3. Do you agree with the argument that the President is working for the interests of the masses of people, whereas the manufacturers are thinking of their own selfish interests?

4. Do you think there is danger that the United States will go to war with Japan over North China? Which of the factors listed is likely to have the greatest influence upon our decision?

5. Is there any reason to believe that American trade with China might benefit if China were strongly dominated by Japan?

6. Why do the small nations oppose the Hoare-Laval peace proposal?

7. What significance, if any, do you attach to the statistics on American incomes in 1934?

**PRONUNCIATIONS:** Hopei (ho'pay), Chahar (chah'hahr), Suiyuan (soi'ywahn), Shansi (shahn'see), Shantung (shahn'doong), Peiping (bay'ping), Tientsin (tin'tsin), Chiang Kai-shek (chyang' ki' shek)—i as in ice, Yangtze (yahng'tse).



NOT EXACTLY AN EXPERT REPAIR MAN

—Handy in Duluth (Minn.) News-Tribune



# American Business Launches Attack Against the New Deal

(Concluded from page 7, column 3)

little foretaste of the kind of control which may later be imposed.

If you want further facts as to what the administration is doing to cripple incentive, I will tell you another thing it has done. It has stepped in to control wages and conditions of labor. It undertakes to tell the employer what he shall pay and how many hours his employees shall work. Now it is impossible to make rules which are fair for all industries and for all parts

terms with respect to wages. The difference between the manufacturers and the Roosevelt administration is that the manufacturers are looking out merely for their own profits, whereas the Roosevelt administration is looking out for the workers as well.

## Past Experience

**Mfgr.:** You must admit, however, that previous to the New Deal days, the workers had been getting along very well. There



AT THE N.A.M. CONVENTION DINNER

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Lamont du Pont, president of E. I. du Pont de Nemours and Company, Inc., and a fellow industrialist.

of the country. A wage which is high enough for one section may not be high enough for another, and so on. That is why such matters should be left to the states.

## Limitation of States

**R. S.:** You know very well that there cannot be effective regulation of wages by states. If one state is liberal and humane and forces employers to pay high wages, many employers will move their establishments to a state which does not have high standards. This will give the industrial advantage to the states with the lowest wage standards. The states which try to create humane conditions will find themselves at a disadvantage. For that reason, regulation of wages to be effective must be nation-wide in scope.

You are really hypocritical when you call for state regulation of wages and working conditions. You are opposed to any regulation. You want employers to be able to pay low wages. You want them to be free from any governmental control. And when you see the federal government putting on effective regulations, you cry out for state regulation, knowing that that is impossible.

**Mfgr.:** It is a fact, however, that when the national government under the NRA undertook to regulate wages and to say what wages should be paid to textile workers, for example, in New England and in the South, it got into all kinds of trouble. The failure of the NRA proves the impossibility of federal regulation of industries in all sections of the country.

The administration has also undertaken to regulate and control the relations between employers and workers. It has insisted upon settling disputes and upon saying how disputes should be settled. This has led to dissatisfaction; has encouraged strikes; and caused no end of trouble.

**R. S.:** I suppose you refer to the fact that the government, through the Wagner act, is undertaking to give workers the right to organize. I can see how it may be inconvenient for big manufacturers when workers form into unions. The manufacturers want the workers to be helpless so that they will be compelled to take whatever wages are paid them. The Roosevelt administration, however, is looking out not only for the manufacturers but for the masses of the people. It feels that the workers should have the right to form themselves into unions so as to bargain on equal

had been economic progress in America. Over a long course of years, wages had risen. The workers had demonstrated that they could take care of their own interests quite well. It is a dangerous thing when the government comes in to take things out of the hands of labor and to decide to support certain kinds of labor organizations. When the government steps in, it is hard for it ever to step out of a thing like that. Once the government makes itself responsible for wages and prices and conditions in industry, there will be agitation for it to go further and further until finally it is likely to take over all of industry. Then we will have government ownership.

**R. S.:** We will never have government ownership so long as private industries are operating successfully and justly. It is only when private business breaks down, as our railroads already seem to be breaking down, that there is a probability of government ownership. And agitations for the government to take things over are likely to come only if there is rank injustice in industry and hence discontent. The Roosevelt administration, by removing injustices, and by removing some of the causes of depression and chaos in industry, is doing more to save the country from socialism than the conservatives are. The conservatives, like members of the National Manufacturers Association, who do not want any reforms and who are willing for employers to force starvation wages upon labor, are helping to create conditions which, if allowed to continue, will destroy the American industrial system.

## Taxation

**Mfgr.:** Well, we are hopelessly divided on that point, too. Let's get to something else. Here is the question of taxation. Our platform declares: "Excessive taxation is a burden on production; it increases costs and reduces standards of living. Many of those who never see a tax bill pay a large part of the total taxes in the cost of what they buy. Taxation for wasteful or unproductive uses destroys buying power, curtails production, and reduces the opportunities for employment. It bars the way to prosperity."

We insist that the Roosevelt administration is injuring industry by the imposition of excessive taxes. It is threatening the country with ruin by a huge spending program which is causing the national debt to mount. Ultimately, this debt must be

paid out of taxes, and that will increase taxes to the point where it will make industrial progress impossible.

**R. S.:** The Roosevelt administration, as a matter of fact, has increased the taxes very little. It has levied higher taxes upon very large incomes—incomes of above \$50,000 a year. But a man who has an income of that size can afford to pay taxes. It is unpatriotic of him to squeal. If he does not have the income, he does not pay the tax; if he does, he should be glad to pay taxes, or at least willing to do so. The English pay far heavier taxes than Americans do, and they do not squeal.

As for governmental spending, it should be realized that the government is not spending money merely for the fun of it. It is not spending anything like as rapidly as the government spent money during the World War. At that time, it was spending to kill foreigners. Now it is spending to save its own people from distress which they cannot themselves prevent. If it is right to spend money in time of war, it is right to spend it in a time of national crisis like that brought about by the depression. It is true that the only way to meet these expenses ultimately is by taxation. That is why rich men, like the members of the National Manufacturers Association, are slackers of the blackest kind when they squeal about the payment of taxes.

**Mfgr.:** You must admit, however, that high taxes are a drain on industry. They tend to prevent prosperity, whether they result from war or depression. For that reason it is highly desirable that expenses be kept as low as possible, and the Roosevelt administration is squandering money in useless experiments as well as in relief.

**R. S.:** By useless experiments, I suppose you mean the relatively small amount of money being used to resettle destitute families on land, so that they can make a living. Or, perhaps you mean the work of the government in the Tennessee Valley—the TVA.

## Experimentation

**Mfgr.:** I am glad you mentioned the TVA. The government is going into business down in the Tennessee Valley. It is competing with private utility companies. What discourages private business more than that?

**R. S.:** The government is competing with only a very few private industries. It is producing electricity, that is true. It is trying to determine in this way what a fair price for electricity is. A recent survey, by the way, indicates that a fair price for electricity, as determined by the government's own experiments, is about 70 per cent of the average price which private companies are now charging. I don't wonder that the big utility companies, which have been making such enormous and unjust profits, should howl about government competition. But the millions of Americans who use electricity have no reason to complain.

**Mfgr.:** Don't forget, however, that if the government steps in to compete with private industry, under whatever motive in one case, that will be only the entering wedge. It will then step in to compete with other industries, and after a while our American system of private industry will be undermined. Before we destroy that system, let us remember in the words of the platform adopted at the National Association of Manufacturers that: "This system provides the maximum incentive to ability, ambition, industry, and thrift; to invention, new methods, and reduction in costs. It has created a standard of living and a degree of comfort in America, unknown elsewhere in the history of the world. Its achievements in total national production, in productivity per capita, in creation of wealth, and in an increasingly broad distribution of that wealth among the people, are unparalleled."

**R. S.:** Your eloquence almost overwhelms me. But allow me to suggest that you are putting up a straw man to shoot at. You draw a beautiful picture of the so-called "American system." You pretend that all the power and privilege which has been enjoyed in the past by the big business interests is a part of that American system. Then you pretend that because the Roosevelt administration is try-

ing to take away some of the unfair privileges of big business; because it is trying to give the common man a better chance, it is undermining the "American system." In other words, you identify all of the abuses of unrestrained big business with Americanism, and you classify all those who take away unjust privileges of big business as anti-Americans. That is a fine little trick, but it is worn out. The American people know that the Roosevelt administration is not destroying private business; it is not interfering with private initiative. As a matter of fact, it is trying to create conditions under which the average man will have greater incentive to work and save, because he will be better rewarded for his work and because his savings will be more secure. You manufacturers are thinking only of the privileges of a few rich men. The Roosevelt administration is thinking about the welfare of millions. The Roosevelt administration is thus the defender of the true American system. It is trying to perfect that system, whereas you are trying to keep all of the little abuses and to defame those who would make corrections by questioning their Americanism.

**Mfgr.:** As an answer to that charge, let me quote the last paragraph of the platform which our association adopted: "American business recognizes the necessity for change in methods and procedure—its success has been built upon such recognition. But it protests blind experimentation and hasty legislation which undermines the American system and ignores America's brilliant record of accomplishment, without conclusive evidence of necessity for change or the effectiveness of the means proposed. It asserts that the first need of the country, in the interests of recovery, prosperity, and progress, is the preservation of the principles and guarantees underlying the American system."

## Japan's Latest Move Criticized by Hull

(Concluded from page 2, column 4)

sections of China will cause her to hesitate.

7. Strange as it may seem to many of us, the United States would have the greatest difficulty in fighting a successful war with Japan. Japan's fleet would be in her own waters close to her supply bases. The American fleet would have to leave its bases far behind and would steam to Far Eastern waters at considerable risk. In order to make a war practicable, intensive fortifications in Hawaii, Guam, the Philippines, and even on the coast of China would be necessary. Even then, Japan would be in the more protected position and could offer battle to American (and British) ships for a long time.

These are some of the reasons cited by many observers to show that events in the Far East, while disquieting, are not necessarily dangerous. Perhaps in time the situation will develop into war, but just now the weight of competent opinion holds such an eventuality to be remote.



ALFRED P. SLOAN

President of General Motors who made one of the principal speeches at the N.A.M. Convention.